
Cost Reimbursement Contract

(Parts of sample contract were excerpted from the USDA approved OMB Form 0575-0015.)

SAMPLE

(Please read thoroughly and have attorney edit text appropriately.)

THIS AGREEMENT, made this _____ day of _____, 2001 by and between the Town Council of the Town of Americana, hereafter referred to as the **OWNER**, and XYZ Engineering, Inc., hereafter referred to as the **ENGINEER**:

THE OWNER intends to construct improvements to the Town=s waterworks (as defined in the Preliminary Engineering Report for Waterworks Improvements dated May 10, 2000) in the Town of Americana, Flag County, State of Indiana and for which the **ENGINEER** agrees to perform the various professional engineering services for the design and construction of said improvements.

WITNESSETH: That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

SECTION A - ENGINEERING SERVICES

The **ENGINEER** shall furnish engineering services as follows:

1. The **ENGINEER** will conduct preliminary investigations, prepare preliminary drawings, provide a preliminary itemized list of probable construction costs effective as of the date of the preliminary report, and submit a preliminary engineering report that follows standard instructions and guides as prescribed by industry standards.
2. The **ENGINEER** will furnish 10 copies of the preliminary engineering report and layout maps to the **OWNER**.
3. After the preliminary engineering report has been reviewed and approved by the **OWNER** and the **OWNER** directs the **ENGINEER** to proceed, the **ENGINEER** will perform the necessary design surveys, accomplish the detailed design of the project, prepare construction drawings, specifications and contract documents, and prepare a final cost estimate based on the final design for the entire system. It is also understood that if subsurface explorations (such as borings, soil tests, rock soundings and the like) are required, the **ENGINEER** will furnish coordination of said explorations without additional charge, but the costs incident to such explorations shall be paid for by the **OWNER** as set out in Section D hereof.
4. Prior to the advertisement for bids, the **ENGINEER** will provide for each construction contract, not to exceed 10 copies of detailed drawings, specifications, and contract documents for use by the **OWNER**, appropriate Federal, State and local agencies from whom approval of the project must be obtained. The cost of such drawings, specifications, and contract documents shall be included in the basic compensation paid to the **ENGINEER**.
5. The **ENGINEER** will furnish additional copies of the drawings, specification and contract documents as required by prospective bidders, material suppliers, and other interested parties, but may charge them for the reasonable cost of such copies. Upon award of each contract, the **ENGINEER** will furnish to the **OWNER** five (5) sets of the drawings, specifications and contract documents for execution. The cost of these sets shall be included in the basic compensation paid to the **ENGINEER**. Original documents, survey notes, tracings and the like, except those furnished to the **ENGINEER** by the **OWNER**, are and shall remain the property of the **ENGINEER**.

6. The drawings prepared by the ENGINEER under the provisions of Section A-3 above shall be in sufficient detail to permit the actual location of the proposed improvements on the ground. The ENGINEER shall prepare and furnish to the OWNER without any additional compensation, three (3) copies of a map(s) showing the general location of needed construction easements and permanent easements and the land to be acquired. Property surveys, property plats, property descriptions, abstracting and negotiations for land rights shall be accomplished by the OWNER, unless the OWNER requests, and the ENGINEER agrees to provide those services. In the event the ENGINEER is requested to provide such services, the ENGINEER shall be additionally compensated as set out in Section D hereof.
7. The ENGINEER will attend the bid opening and tabulate the bid proposals, make an analysis of the bids, and make recommendations for awarding contracts for construction.
8. The ENGINEER will review and approve, for conformance with the design concept, any necessary shop and working drawings furnished by contractors.
9. The ENGINEER will interpret the intent of the drawings and specifications to protect the OWNER against defects and deficiencies in construction on the part of the contractors. The ENGINEER, will not, however, guarantee the performance by any contractor.
10. The ENGINEER will establish baselines for locating the work together with a suitable number of bench marks adjacent to the work as shown in the contract documents.
11. The ENGINEER will provide general engineering review of the work of the contractors as construction progresses to ascertain that the contractor is conforming with the design concept.
12. Unless notified by the OWNER in writing that the OWNER will provide for resident inspection, the ENGINEER will provide resident construction inspection.
13. The ENGINEER will review the contractor=s applications for progress and final payment and, when approved, submit same to the OWNER for payment.
14. The ENGINEER will prepare necessary contract change orders for approval of the OWNER and others on a timely basis.
15. The ENGINEER will make a final review prior to the issuance of the statement of substantial completion of all construction and submit a written report to the OWNER. Prior to submitting the final pay estimate, the ENGINEER shall submit a statement of completion to and obtain the written acceptance of the facility from the OWNER.
16. The ENGINEER will be available to furnish engineering services and consultations necessary to correct unforeseen project operation difficulties for a period of one (1) year after the date of statement of substantial completion of the facility.
17. The services called for in the Section A-1 and A-2 of this Agreement shall be completed and the report submitted within 90 calendar days from the date of authorization to proceed. After acceptance by the OWNER of the Preliminary Engineering Report and upon written authorization from the OWNER, the ENGINEER will complete the final plans, specifications and contract documents and submit for approval of the OWNER and all State regulatory agencies within 90 calendar days from the date of authorization unless otherwise agreed to by both parties.

If the above is not accomplished within the time period specified, this Agreement may be terminated by the OWNER. The time for completion will be extended by the OWNER for a reasonable time if completion is delayed due to unforeseenable causes beyond the control and without the fault or negligence of the ENGINEER.

SECTION B - COMPENSATION FOR ENGINEERING SERVICES

1. The OWNER shall compensate the ENGINEER for the preliminary engineering services for a lump sum payment of Twenty Thousand Dollars (\$20,000.00) after the review and approval of said report by the OWNER.
2. The OWNER shall compensate the ENGINEER for the design engineering services for an estimated, not to exceed, payment of Forty-Two Thousand Dollars (\$42,000.00) with partial payments due upon the approval of said services on a monthly basis by the OWNER until final design completion.
3. The OWNER shall compensate the ENGINEER for the construction design services for an estimated, not to exceed, payment of Twelve Thousand Dollars (\$12,000.00) with partial payments due upon the approval of said services on a monthly basis by the OWNER until construction completion.

SECTION C - COMPENSATION FOR RESIDENT INSPECTION SERVICES

1. When the ENGINEER provides resident inspection, the ENGINEER will, prior to the preconstruction conference, submit a resume of the resident inspector's qualifications, anticipated duties and responsibilities for approval by the OWNER.

Under normal construction circumstances, and for the proposed construction period of 180 calendar days, the cost of resident inspection is estimated not to exceed Thirty Thousand Dollars (\$30,000.00) with partial payments due upon the approval of said services on a monthly basis by the OWNER until construction completion.

SECTION D - ADDITIONAL ENGINEERING SERVICES

In addition to the foregoing being performed, the following services may be provided UPON PRIOR WRITTEN AUTHORIZATION OF THE OWNER.

1. Site surveys for water treatment plant, and other similar special surveys as may be required.
2. Laboratory tests, well tests, borings, specialized geological, soils, hydraulic or other studies recommended by the ENGINEER.
3. Property surveys, detailed description of sites, maps, drawings, or estimates related thereto: assistance in negotiating for land and easement rights.
4. Redesigns ordered by the OWNER after final plans have been accepted by the OWNER.
5. Appearances before courts or boards on matters of litigation or hearings related to the project.

SECTION E - SPECIAL PROVISIONS

The OWNER and the ENGINEER mutually agree that this Agreement shall be subject to the following Special Third Party Contract Provisions which together with the provisions hereof and the attachments hereto represent the entire Agreement between the OWNER and ENGINEER.

X EXHIBIT A entitled Professional Service Third Party Provisions - ATTACHED

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in two (2) copies on the respective dates indicated below.

OWNER

DATE

ENGINEER

DATE